

4/4/78 [2]

Folder Citation: Collection: Office of Staff Secretary; Series: Presidential Files; Folder: 4/4/78 [2]; Container 69

To See Complete Finding Aid:

http://www.jimmycarterlibrary.gov/library/findingaids/Staff_Secretary.pdf

WITHDRAWAL SHEET (PRESIDENTIAL LIBRARIES)

FORM OF DOCUMENT	CORRESPONDENTS OR TITLE	DATE	RESTRICTION
Memo	Z. Brzezinski to Pres. Carter, 13 pp., re:Iceland	3/29/78	A
Letter w/attach- ments	Pres. Carter to Vice-Admiral Burbano [Equador], 9 pp., re:communication w/foreign Head of State	4/4/78	A

FILE LOCATION

Carter Presidential Papers-Staff Offices, Office of Staff Sec.-Presidential
Handwriting File 4/4/78 [2] Box 79

RESTRICTION CODES

- (A) Closed by Executive Order 12356 governing access to national security information.
- (B) Closed by statute or by the agency which originated the document.
- (C) Closed in accordance with restrictions contained in the donor's deed of gift.

THE PRESIDENT'S SCHEDULE

Tuesday - April 4, 1978

PERSONAL TIME

THE WHITE HOUSE
WASHINGTON

April 4, 1978

Jim Gammill

The attached was returned in the President's outbox today and is forwarded to you for appropriate handling. The original has been given to Bob Linder for handling.

Rick Hutcheson

RE: APPOINTMENTS

THE WHITE HOUSE
WASHINGTON

March 23, 1978

*Jim - In
future, let me
know why the persons
were chosen, & who recom-
mends them (other than
you).*

MEMORANDUM FOR:

THE PRESIDENT

FROM:

JAMES F. GAMMILL, JR. *JFG*

SUBJECT:

Presidential Appointments

I recommend that you approve the following-named persons to be
Members of the National Commission for Manpower Policy: *2*

George S. Dillon, of New Jersey,
vice Rudolph Cervantes, resigned.

Roy Rosario Escarcega, of California,
vice Dorothy Ford, resigned.

Gertrude G. Michelson, of New York,
vice Milton Rock, resigned.

Lester Carl Thurow, of Massachusetts,
vice William Milliken, resigned.

Mr. Dillon is Chairman of the Board of Airco, Inc., in Montvale,
New Jersey.

Mr. Escarcega is Vice President, Social Services Division,
The East Los Angeles Community Union in Los Angeles.

Mrs. Michelson is Senior Vice President for Personnel, Labor
and Consumer Relations at Macy's in New York.

Mr. Thurow is Professor of Economics and Management at the
Massachusetts Institute of Technology.

All necessary checks have been completed.

I recommend that you approve the commissions for these appointments: *5*

✓ Yes

 No

[Handwritten signature]



**PRESIDENT'S
REORGANIZATION
PROJECT**

THE PRESIDENT HAS SEEN

WASHINGTON, D.C. 20503

APR 4 1978

Q

MEMORANDUM FOR THE PRESIDENT

FROM: James T. McIntyre, Jr. *Jim*

SUBJECT: Federal Cash Management Progress Review

You announced the Federal Cash Management Reorganization Project in November. This is the first progress report on the effort we promised. There are now 65 cash management improvement initiatives under way in 20 departments and agencies. In five agencies, (Treasury, Transportation, Energy, Agriculture, and the General Services Administration), joint PRP/Agency task forces are conducting comprehensive cash management reviews.

The ~~attached~~ report briefly summarizes Treasury's cash management initiatives and successes thus far in this Administration. Improvements implemented since February, 1977 should provide savings of over \$50 million for each of the next two years, (by reducing working capital interest costs through more efficiently collecting our receipts and better controlling expenditures). Further, by investing temporarily excess cash balances in the tax and loan account, we will earn another \$75 million in revenue each year.

We have an ambitious program of other improvements under way or under study in Treasury and elsewhere, and anticipate further substantial savings.

Treasury should be commended for its success and cooperation and encouraged to continue this emphasis on sound cash management. We will work with Jody and Treasury to make the public aware of these measurable management improvements.

Attachment

*President did
not see!*

TREASURY CASH MANAGEMENT
ACHIEVEMENT AND INITIATIVES

During this Administration's first year, Treasury has undertaken an aggressive and successful program of cash management improvement. Estimated savings from improvements instituted since February, 1977 should exceed \$125 million a year for the next two years.* Furthermore, an ambitious set of initiatives now underway or under study could yield many millions of dollars of additional benefit. This report briefly describes those initiatives already taken that: (1) accelerate receipts; (2) better control disbursements; and (3) reduce idle balances. We also list some opportunities now under study that have high promise.

Accelerating Receipts

Good cash management means collecting and depositing money as fast as practical. Since February 1, 1977 we have arranged for \$7 billion of big ticket receipts to be received by electronic funds transfer (EFT), eliminating the time in mail, processing, and check clearances that in the past have delayed our putting the money to work. Having this money for an extra 3 days will eliminate the need to pay over \$3.5 million a year of interest on the money that we otherwise would have had to borrow. Treasury has identified another \$36 billion of receipts where using EFT may make sense. If and when these are converted to EFT, it could be worth \$18 million a year in reduced interest costs.

IRS has recently implemented a series of administrative improvements that will accelerate the Federal government's collection and use of funds. By streamlining the use of tax cards last March, the IRS has been able to accelerate by 3 weeks the issuance of billings for withholding taxes and the subsequent collection of \$290 million, with an annual value of over \$1 million in reduced interest costs. Through further future improvements, IRS hopes to reduce its billing and collection cycle by another two weeks, saving another \$688,000 in annual interest.

*
Because these improvements have been instituted at different points over the past year, Treasury estimates that the actual benefit in decreased interest has been \$44 million over the past 12 months. The annual figures referred to in this report are for future full years of operations. Future interest savings are calculated at 6.1% (the public debt estimate) on those amounts of money that need not be borrowed because of cash management techniques that permit currently available money to be used more effectively.

This January, Treasury changed its regulations and the Federal Reserve Board streamlined its operating procedures to stop some of the more sophisticated taxpayers from "playing the float" against the government. By now requiring those enterprises who pay directly to Federal Reserve Banks to draw checks on local banks, our preliminary data suggests that the government saves anywhere from 1 to 7 days of "float" time. Based on January results, the annual value of this improvement is estimated by IRS to be over \$9 million in reduced interest expense.

Additionally, IRS has been instituting special handling for high value (over \$50,000) remittances. By April, all District Offices and Service Centers will deposit all of these big ticket remittances within a day of receipt. We don't know the value of this now, but it will be substantial.

Controlling Disbursements

The government should meet its obligations on time -- not before or after they are due. One way that the government can ensure that it has the use of its money for the maximum time is to use the letter of credit disbursing system that pays grantees when they need their money, and not before. During this Administration, a number of new programs have been converted from the wasteful advance payment system to letter of credit. By converting the \$6 billion, EDA Public Works Program to letter of credit, we saved over \$41 million in interest over the last 12 months, and can expect to save another \$75 million over the next two years of the program. And this fiscal year, converting the Legal Services Corporation's disbursements from lump sum advance to letter of credit should reduce interest by a half million dollars.

The Health Care Financing Administration has implemented the highly sophisticated checks paid letter of credit (whereby Federal funds are provided at precisely the point that grantees checks are presented at their banks for payment). The savings in interest from funds so conserved by the 1977 conversion are an estimated \$1.2 million annually.

Additionally, 4 other advance programs in HEW, EEOC, Labor, and Agriculture have been converted to letter of credit and 6 others are in process. It is too early to speculate as to the savings from these conversions.

Reducing Idle Balances

In October, you signed into law legislation permitting Treasury to earn interest on its temporarily excess cash balances in banks having Treasury tax and loan accounts. By earning interest on heretofore idle balances, Treasury expects to net \$75 million annually.

Proposed regulations to implement the program were published in early December. Final regulations are scheduled for release not later than May 1. Full implementation will occur in early summer.

Future Initiatives

Treasury has just completed a detailed and comprehensive set of cash management guidelines for all Executive Branch Departments and Agencies that will be issued in about 6 weeks. This new chapter of the Treasury Fiscal Requirements Manual will provide basic guidance to Federal managers on all cash management matters.

There are six high potential opportunities that PRP and Treasury will be jointly exploring over the next six months to determine if cash management improvements can be made. We will report results and recommendations after completing these studies.

1. Tighten scheduling of withholding tax deposits. There may be opportunities to schedule employer withholding deposits to Treasury more closely with tax withholdings from employees.
2. Extending competitive bidding for banking services. Treasury is evaluating whether the government would benefit by putting out to competitive bid more of its bank deposit services.
3. Strengthening coordination of cash management and debt management. Sharing of cash flow information among Treasury, OMB and the agencies is critical to reducing debt levels and interest costs. We will examine the full cycle of government financing activity to assess the effectiveness of current operations and make suggestions for improvement.

4. Further accelerating IRS receipts. We will jointly investigate the feasibility of converting certain tax payments made by mail to direct bank deposits. We will also explore a range of options for expediting the flow of the \$43 billion of final settlement tax payments.
5. Expediting Customs receipts. Today importers can postpone customs payments through a combination of delay procedures. We will investigate if this delay can be shortened.
6. Accelerate Alcohol, Tobacco and Firearms payments. Some big ticket ATF collections may be delayed as long as 3 weeks from incurrence of liability. We will study if these payments can be rescheduled to the government's advantage.

31
29 March 1978

Jesse
JC

President Carter
In Flight Rio-Lagos

Dear President Carter:

On Monday, I requested and received briefings from the State Department and U. S. Chamber of Commerce representing the American Business Private Sector, on U.S. Nigerian relations with special emphasis on trade, economics and current major concerns and problems. Three major concerns have come into focus where the U.S. Chamber feels that I might be helpful if permitted to do so.

(1) The upcoming Nigerian/U.S. NUSTED Conference, November 15-17, 1978 in Lagos. The need for more private sector involvement in planning and a planned conference follow up. (Need for direct coordination involvement of top staff of Head of State Lt. Gen. Obasanjo. One of the following: Brig. Gen. S. M. Yar Adua, Ambassador Peter Afolob or Brig. Gen. Jin. Garba).

(2) Insurance Controversy generally,

(3) The jailing of Louis Le Fevre American insurance executive.

The action I am requesting you to consider:

ok
(1) If Mr. Le Fevre is still in jail on our arrival, permit me to visit him.

ok
(2) Arrange for me to discuss these items with Secretary Vance or his appropriate designate, and/or appropriate Nigerian officials.

The key to the solution of at least part of the "Insurance Controversy" could hinge on a mutually respected "Actuarial Opinion." You will recall that I was Chief Actuary before becoming President of Atlanta Life.

Sincerely,

Jesse

Jesse Hill, Jr.

THE WHITE HOUSE
WASHINGTON

original given to
jesse hill on air force
one

THE PRESIDENT HAS SEEN.

THE WHITE HOUSE
WASHINGTON

April 4, 1978

MEMORANDUM FOR THE PRESIDENT

FROM:

FRANK MOORE

F.M.

Early this afternoon the Conference Committee on the farm bill reached tentative agreement. The conference dropped the Talmadge land diversion provisions and adopted a modified version of Senator Dole's flexible parity amendment. In addition the tentative agreement provides for increased target prices and loan rates for wheat, corn and cotton. We would have objections to several of these provisions (a detailed memo from USDA is on its way).

Dan Tate reports that it has objectionable features, is a candidate for a veto, but we should concentrate our efforts on beating the conference report on the House and Senate floors.

THE PRESIDENT HAS SEEN

THE WHITE HOUSE

WASHINGTON

April 1, 1978

2

ADMINISTRATIVELY CONFIDENTIAL

MEMORANDUM FOR:

THE PRESIDENT

FROM:

HUGH CARTER *HC*

SUBJECT:

Security Violations
(Per Your Request)

Attached for your information are the security violations
for the month of March.

THE WHITE HOUSE

WASHINGTON

April 1, 1978

ADMINISTRATIVELY CONFIDENTIAL

MEMORANDUM FOR:

FRANK MOORE

FROM:

HUGH CARTER *HC*

SUBJECT:

Security Violations

The President has asked that I make you aware of the following security violations:

Date	Name	Nature of Violation
3/18	William Cable	<u>Top Secret</u> material found in open safe
3/22	William Cable	Confidential material found in open safe
3/25	William Cable	Confidential material found in In & Out box
3/25	Robert Beckel	Confidential material found in In & Out box
3/28	Mari Forbes	Confidential material found on top of desk
3/29	Mari Forbes	Confidential material found on top of desk
3/30	Doris Brenner	Confidential material found on top of desk
3/30	Les Francis	Confidential material found in In & Out box

cc: The President

THE WHITE HOUSE
WASHINGTON

April 1, 1978

ADMINISTRATIVELY CONFIDENTIAL

MEMORANDUM FOR: ZBIG BZEZINSKI
FROM: HUGH CARTER *HC*
SUBJECT: Security Violations

The President has asked that I make you aware of the following security violations:

Date	Name	Nature of Violation
3/3	Francesca Lapinski	Secret and Confidential documents found in open safe
3/10	Florence Bagnall	Classified documents found in open safes

cc: The President

THE WHITE HOUSE

WASHINGTON

April 1, 1978

ADMINISTRATIVELY CONFIDENTIAL

MEMORANDUM FOR:

MIDGE COSTANZA

FROM:

HUGH CARTER *HC*

SUBJECT:

Security Violation

The President has asked that I make you aware of the following security violation:

<u>Date</u>	<u>Name</u>	<u>Nature of Violation</u>
3/2	Seymour Wishman	<u>Secret and Confidential material found on desk</u>

cc: The President

THE WHITE HOUSE
WASHINGTON

April 1, 1978

ADMINISTRATIVELY CONFIDENTIAL

MEMORANDUM FOR:

STU EIZENSTAT

FROM:

HUGH CARTER *HC*

SUBJECT:

Security Violation

The President has asked that I make you aware of the following security violation:

<u>Date</u>	<u>Name</u>	<u>Nature of Violation</u>
3/28	David Rubenstein	Confidential document found in stack of papers on desk

cc: The President

THE WHITE HOUSE
WASHINGTON

April 1, 1978

ADMINISTRATIVLEY CONFIDENTIAL

MEMORANDUM FOR:

JODY POWELL

FROM:

HUGH CARTER *HC*

SUBJECT:

Security Violations

The President has asked that I make you aware of the following security violations:

Date	Name	Nature of Violation
3/11	Jean Saar	<u>Secret</u> and Confidential material found in open safe
3/19	Rex Granum	Confidential material found in In & Out box
3/24	Jerome Doolittle	Confidential documents found on desk

cc: The President

THE WHITE HOUSE

WASHINGTON

April 1, 1978

ADMINISTRATIVELY CONFIDENTIAL

MEMORANDUM FOR:

THE VICE PRESIDENT

FROM:

HUGH CARTER *HC*

SUBJECT:

Security Violation

The President has asked that I make you aware of the following security violation:

Date	Name	Nature of Violation
3/16	Donna Blume	Top Secret material left on table

cc: The President

THE WHITE HOUSE
WASHINGTON


April 1, 1978

ADMINISTRATIVELY CONFIDENTIAL

MEMORANDUM FOR:

TIM KRAFT

FROM:

HUGH CARTER 

SUBJECT:

Security Violations

The President has asked that I make you aware of the following security violations:

<u>Date</u>	<u>Name</u>	<u>Nature of Violation</u>
3/5	Jeanne Bull	Confidential material found on desk
3/10	Helen Donaldson	Confidential material found in open safe

cc: The President

THE WHITE HOUSE
WASHINGTON

April 1, 1978

ADMINISTRATIVELY CONFIDENTIAL

MEMORANDUM FOR:

JACK WATSON

FROM:

HUGH CARTER *HC*

SUBJECT:

Security Violation

The President has asked that I make you aware of the following security violation:

<u>Date</u>	<u>Name</u>	<u>Nature of Violation</u>
3/26	Jane Frank	<u>Secret</u> and Confidential material left on desk

cc: The President

THE WHITE HOUSE
WASHINGTON

April 1, 1978

ADMINISTRATIVELY CONFIDENTIAL

MEMORANDUM FOR:

HAMILTON JORDAN

FROM:

HUGH CARTER *HC*

SUBJECT:

Security Violation

The President has asked that I make you aware of the following security violation:

<u>Date</u>	<u>Name</u>	<u>Nature of Violation</u>
3/21	Karen Jarrell	<u>Top Secret</u> and Confidential documents found in open safe

cc: The President

THE WHITE HOUSE

WASHINGTON


April 1, 1978

ADMINISTRATIVELY CONFIDENTIAL

MEMORANDUM FOR:

BOB LIPSHUTZ

FROM:

HUGH CARTER 

SUBJECT:

Security Violations

The President has asked that I make you aware of the following security violations:

Date	Name	Nature of Violation
3/7	Jane Thomas	Confidential papers found in open safe
3/9	Bob Lipshutz	<u>Secret</u> document found on top of desk

cc: The President

THE WHITE HOUSE

WASHINGTON

April 1, 1978

ADMINISTRATIVELY CONFIDENTIAL

MEMORANDUM FOR:

CHARLES SCHULTZE

FROM:

HUGH CARTER *HC*

SUBJECT:

Security Violation

The President has asked me to make you aware of the following security violations:

<u>Date</u>	<u>Name</u>	<u>Nature of Violation</u>
2/19	Howard Gruenspecht	Confidential documents found on desk
3/30	Jeffery R. Shafer	Confidential documents found in open safe

cc: The President

THE WHITE HOUSE

WASHINGTON

April 1, 1978

ADMINISTRATIVELY CONFIDENTIAL

MEMORANDUM FOR:

SECRETARY SCHLESINGER

FROM:

HUGH CARTER *HC*

SUBJECT:

Security Violation

The President has asked that I make you aware of the following security violations:

<u>Date</u>	<u>Name</u>	<u>Nature of Violation</u>
3/15	Eric Fygi	<u>Secret</u> and Confidential material found in open safe
3/30	John O'Leary	Confidential material found in open safe

cc: The President

THE WHITE HOUSE
WASHINGTON

April 4, 1978

Frank Moore

The attached was returned in
the President's outbox and
is forwarded to you for
appropriate handling.

Rick Hutcheson

CONGRESSIONAL BREAKFAST

THE WHITE HOUSE
WASHINGTON

oh
J

April 4, 1978

MEMORANDUM FOR THE PRESIDENT

FROM:

FRANK MOORE

F.M./BR

Although the problems with the dollar and inflation are problems of interest to both the Democrats and the Republicans, I think it would be best to have tomorrow's leadership breakfast be Democrats only so that you can discuss farm and energy legislation. It would probably be good to schedule a bipartisan breakfast in two weeks. A more detailed briefing paper on tomorrow's breakfast will follow.

THE WHITE HOUSE
WASHINGTON

April 4, 1978

Peter Bourne

The attached was returned in
the President's outbox. It is
forwarded to you for appropriate
handling.

Rick Hutcheson

cc: Zbig Brzezinski

RE: PARAQUAT

THE WHITE HOUSE
WASHINGTON

	FOR STAFFING
	FOR INFORMATION
/	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND

*include my rate on
both /cc*

ACTION	FYI	
		MONDALE
		COSTANZA
		EIZENSTAT
		JORDAN
		LIPSHUTZ
		MOORE
		POWELL
		WATSON
		McINTYRE
		SCHULTZE

	ENROLLED BILL
	AGENCY REPORT
	CAB DECISION
	EXECUTIVE ORDER
	Comments due to Carp/Huron within 48 hours; due to Staff Secretary next day

	ARAGON
/	BOURNE
/	BRZEZINSKI
	BUTLER
	CARP
	H. CARTER
	CLOUGH
	FALLOWS
	FIRST LADY
	HARDEN
	HUTCHESON
	JAGODA
	GAMMILL

	KRAFT
	LINDER
	MITCHELL
	MOE
	PETERSON
	PETTIGREW
	POSTON
	PRESS
	SCHLESINGER
	SCHNEIDERS
	STRAUSS
	VOORDE
	WARREN

THE WHITE HOUSE
WASHINGTON

4/3/78

Mr. President:

NSC comments:

- * 1. State and Justice believe the outcome of the lawsuit (in paragraph 4 of Peter's memo) is uncertain.
- ** 2. With regard to the Administration reaction to Sen. Percy (last paragraph of Peter's memo), NSC suggests that Peter talk with Sen. Percy and explain why a quiet approach to the Mexican Attorney General is more effective than a public demand that they stop using Paraquat. *ok*
me
- 3. NSC suggests that the Administration modify its public position, and stress, publicly: that while US support of the drug eradication program in Mexico is valid, nothing in US policy prescribes the use of paraquat; the US shares no responsibility; the US is concerned, and has approached Mexico on this point. NSC does not believe that such a posture would indicate tacitly that marijuana without paraquat is safe.

Rick

THE PRESIDENT HAS SEEN.

THE WHITE HOUSE

WASHINGTON
March 22, 1978

C
/

MEMORANDUM FOR THE PRESIDENT

FROM: PETER BOURNE *P.B.*

SUBJECT: PARAQUAT

You mentioned the issue of Paraquat to me ten days ago after you had seen a story on NBC news. The issue has since assumed greater proportions, and I felt you should be aware of the actions we have taken.

For the last 3 years we have provided support to Mexico in the form of helicopters and technical assistance for an eradication program against opium poppies using the herbicide 2, 4 D. In the off-season for opium the Mexicans have used the helicopters to eradicate marijuana using Paraquat purchased in Europe with Mexican funds. Last summer a question was raised concerning the possible health hazard posed to American marijuana smokers by Paraquat contaminated marijuana imported from Mexico. At that time I asked HEW, DEA and Customs to conduct various studies to determine if any real problem existed. Twenty one percent of the samples seized coming over the Mexican border were contaminated with levels of Paraquat ranging from 3 parts per million to 2,264 p.p.m. Analyses of smoked marijuana showed that some lung damage could occur in persons who smoked 3-5 marijuana cigarettes a day with high concentrations of Paraquat (450 p.p.m.) over several months.

I decided based on this evidence that we had an obligation to warn smokers of marijuana of this additional risk over and above any inherent health or legal danger they already faced and asked Joe Califano to issue such a warning. At the same time I felt that it was not appropriate to tell the Mexican government to stop the program, although I did meet with the Mexican Attorney General to alert him to the problem. He agreed to consider switching to any other herbicide we might want to suggest. EPA and Agriculture are looking at alternative products although we are not optimistic that any will be found.

* We have received considerable adverse publicity including an editorial in the New York Times criticizing us for our failure to force the Mexicans to stop using Paraquat, or to take other steps to protect American marijuana smokers. The National Organization for the Reform of Marijuana Laws has filed suit against us, seeking an injunction to enjoin us from any further support of drug eradication programs in Mexico. The State Department has some concern, because if the suit is lost, which is highly unlikely, it would set a precedent that would require us to provide environmental impact statements any time U.S. money was spent overseas including even for projects supported by the Export-Import Bank. On the Hill our major critic is Senator Percy who will probably hold hearings on the issue.

- 2 -

MEMORANDUM FOR THE PRESIDENT

FROM: PETER BOURNE

SUBJECT: PARAQUAT

Despite the criticism I see no reason to change our policy. We are committed to discouraging the use of marijuana. To pressure the Mexican government to stop using Paraquat to protect the health of Americans would be a tacit government statement that marijuana without Paraquat was safe, a position we have never taken. Our critics would like us to treat marijuana the same way we would farm products imported for consumption that were contaminated. If we did we would in fact be giving marijuana quasi legal status which we can not do. Mexico regards marijuana, because of the vast amounts of money made from it, as their number one drug problem, not opium. We can not dictate to them what they can or can not do about it.

I agree

**

Unless you have feelings to the contrary I plan to enforce this policy, and should Percy be foolish enough to hold hearings I plan to take the position that he is implicitly sanctioning the use of marijuana.

ok

PGB:ss

THE WHITE HOUSE
WASHINGTON

	FOR STAFFING
/	FOR INFORMATION
	FROM PRESIDENT'S OUTBOX
/	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND <i>Prou</i>

ACTION	FYI	
		MONDALE
		COSTANZA
/		EIZENSTAT
		JORDAN
/		LIPSHUTZ
		MOORE
		POWELL
		WATSON
		McINTYRE
		SCHULTZE

	ENROLLED BILL
	AGENCY REPORT
	CAB DECISION
	EXECUTIVE ORDER
	Comments due to Carp/Huron within 48 hours; due to Staff Secretary next day

	ARAGON
	BOURNE
/	BRZEZINSKI
	BUTLER
	CARP
	H. CARTER
	CLOUGH
	FALLOWS
	FIRST LADY
	HARDEN
	HUTCHESON
	JAGODA
	GAMMILL

	KRAFT
	LINDER
	MITCHELL
	MOE
	PETERSON
	PETTIGREW
	POSTON
	PRESS
	SCHLESINGER
	SCHNEIDERS
	STRAUSS
	VOORDE
	WARREN

MEMORANDUM

NATIONAL SECURITY COUNCIL

March 27, 1978

MEMORANDUM FOR: RICK HUTCHESON

FROM: CHRISTINE DODSON *Chut*

SUBJECT: Peter Bourne's Letter to the President on Paraquat

I would like the following comments to accompany the Peter Bourne letter on the above subject.

1. The Department of State and Justice do not at all feel that it is "highly unlikely" that the law suit will be lost (see paragraph four of the Bourne memo). They would as a result like to see that paragraph changed to read, beginning with a new sentence after ". . . in Mexico.": "The Justice and State Departments believe that the outcome of the law suit is uncertain because of the emotional subject of Marijuana. If the suit were lost, it would set a precedent . . ." etc.
2. The NSC would like to see the last paragraph changed to read "Unless you have feelings to the contrary, I plan to enforce this policy and speak with Percy to explain why a quiet approach to the Mexican Attorney General is more effective both in terms of getting the Mexicans to stop using Paraquat and in keeping our relations good than publicly demanding they stop using it.

Finally, I add here a comment from one of our staffers. You may wish to check out his concerns with our domestic and political people for whatever merit ~~it~~ might have: "I would modify our public position. I would publicize that our general support of drug eradication programs in Mexico is valid, but that (in words hopefully not outraging the Mexican government) nothing in the U.S. policy prescribed use of paraquat and the United States shares no responsibility. However, the United States is concerned and has approached Mexico on this point. I disagree with Bourne, because if such an explanation is made, I do not believe that it constitutes a tacit government statement that marijuana without paraquat was safe. It merely cites and attacks the evil we know, namely that paraquat is dangerous whether inhaled on marijuana or through any other medium, and indicates our concern for the danger.

Should no substitute for paraquat be found, or the Mexican government balk on the issue, we would have a problem. However, our primary goal ought to be to work to stop paraquat from harming American citizens (coupled with a reiteration of the above statement on responsibility), and to show public concern about such possible harm.

If it came out that there was something which the President could do (especially if no substitute for paraquat is found) to prevent potential damage to tens of millions of marijuana smokers but did not, and compounded the problem by showing no concern, the political damage would be far greater than from the quasi logical possibility that the U.S. Government would be seen to tacitly condone the smoking of a non-contaminated marijuana. In my opinion this does not undermine our general policy of international support of drug eradication programs, especially not if we clearly and publicly reiterate both our rationale and our concern.

Therefore, I recommend that the proposal as stated by Bourne be modified as stated above."

THE PRESIDENT HAS SEEN

THE CHAIRMAN OF THE
COUNCIL OF ECONOMIC ADVISERS
WASHINGTON

April 1, 1978

MEMORANDUM FOR THE PRESIDENT

FROM: Charlie Schultze *CLS*
SUBJECT: Economic News during the Past Week

This memo summarizes the economic statistics and developments which occurred during your trip.

I. Good news

1. Revised figures indicate that new orders for durable goods rose relatively strongly in February, after a weak January performance. Total February new orders were 4-1/2 percent above January; 2.4 percent above the 4th quarter 1977 average, and 18 percent above a year ago. Within the total, new orders for capital goods (which are an indicator of investment spending) were up 7 percent over January, 6 percent over the 4th quarter 1977, and 23 percent over a year ago. *+*
2. The weekly figures on initial claims for unemployment insurance continued to fall during the month of March (despite the coal strike), indicating continued strength in the employment situation. *+*
3. Domestic auto sales in the second 10 days of March were up sharply, after a good gain in the first ten days. Special contests and promotions may have been partly responsible, but auto sales do appear to have recovered a good bit from their earlier slump. *+*
4. Weekly retail sales figures during the three weeks ending March 25 showed a strong uptrend, after the severe slump of January and February. Although these weekly numbers are subject to large errors, they do suggest a real rebound after the winter's cold weather. *+*

5. Steel price rollback. As of Saturday morning, virtually all of the major companies, except U.S. Steel, had announced a \$5.50 increase. We are morally certain that U.S. Steel will have to roll back. But the steel price problem is far from over. Additional price increases are almost certain to be forthcoming later in the year -- as other costs rise. The question is: how much? We are girding our loins. +

II. Mixed news (good news and bad news, all in one statistic)

1. The Department of Agriculture's estimate of prices received by farmers showed a sharp 3.6 percent jump in March over February, the sixth straight monthly increase. Crop prices rose 3 percent and livestock prices 4 percent. Good news for farmers; bad news for inflation. -

III. Bad news

1. You are aware of the February \$4.5 billion foreign trade deficit. The impact of the news on the dollar's value in foreign exchange markets was bad -- but not quite as bad as we had expected. The value of the dollar against other OECD currencies fell by 0.7 percent, and the D-mark cracked the magic 2.0 (it ended the day at 1.9945). The stock market fell, but only marginally; the Dow industrials index fell by 2.26 points (-0.3 percent), the more comprehensive N.Y. stock exchange index fell by -0.2 percent, while the American Exchange index and the over-the-counter indexes actually rose fractionally. -

IV. Summary

Indicators relating to real output, income and employment all suggest a good snapback from the poor performance of the first two months of the year. The performance in those months, however, was sufficiently bad that the GNP estimate for the first quarter as a whole will show a sharp slowdown. The current improvement will show up in a good second quarter performance.

The continued rise in crop and livestock prices augurs poorly for the inflation outlook over the immediate future.

The trade deficit will not continue at the massive \$4.5 billion level of February. But the February numbers underscore the fact that we have a major and continuing problem.

T H E W H I T E H O U S E

DATE: 03 APR 78

INFO ONLY: THE VICE PRESIDENT STU EIZENSTAT
FRANK MOORE (LES FRANCIS) JODY POWELL
JACK WATSON JIM MCINTYRE

SUBJECT: SCHULTZE MEMO RE ECONOMIC NEWS DURING THE PAST WEEK

+++++

+ RESPONSE DUE TO RICK HUTCHESON STAFF SECRETARY (456-7052) +

+ BY: +

+++++

ACTION REQUESTED: FOR YOUR INFORMATION

STAFF RESPONSE: () I CONCUR. () NO COMMENT. () HOLD.

PLEASE NOTE OTHER COMMENTS BELOW:

THE WHITE HOUSE
WASHINGTON

April 4, 1978

Bob Lipshutz

The attached was returned in
the President's outbox. It is
forwarded to you for appropriate
handling.

Rick Hutcheson

SALE OF PEANUT OIL

THE WHITE HOUSE
WASHINGTON

	FOR STAFFING
	FOR INFORMATION
✓	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND

ACTION	FYI	
		MONDALE
		COSTANZA
		EIZENSTAT
		JORDAN
✓		LIPSHUTZ
		MOORE
		POWELL
		WATSON
		McINTYRE
		SCHULTZE

	ENROLLED BILL
	AGENCY REPORT
	CAB DECISION
	EXECUTIVE ORDER
	Comments due to Carp/Huron within 48 hours; due to Staff Secretary next day

	ARAGON
	BOURNE
	BRZEZINSKI
	BUTLER
	CARP
	H. CARTER
	CLOUGH
	FALLOWS
	FIRST LADY
	HARDEN
	HUTCHESON
	JAGODA
	GAMMILL

	KRAFT
	LINDER
	MITCHELL
	MOE
	PETERSON
	PETTIGREW
	POSTON
	PRESS
	SCHLESINGER
	SCHNEIDERS
	STRAUSS
	VOORDE
	WARREN

THE WHITE HOUSE
WASHINGTON

March 30, 1978

MEMORANDUM FOR THE PRESIDENT

FROM: ROBERT LIPSHUTZ *RL*
SUBJECT: Peanut Oil Sale Matter

Attached is a press release issued by the Department of Agriculture relative to this matter. Our Press Office coordinated with them, and I reviewed the matter with Bob Bergland.

As you will note, the Department of Justice concluded that there was no legal action, either civil or criminal, available in connection with this sale. At the same time, you will notice that the Department of Agriculture, as a result of its audit and investigation, concluded that there were serious deficiencies in their procedures, which are now being corrected by the Secretary.

I have a complete file on this matter, including the completed audit.

Barring further developments, I do not recommend that we take any more action. Please advise if you approve my closing our file at this time.

Approve

✓

Disapprove

LC



NEWS

U.S. DEPARTMENT OF AGRICULTURE

Free (202) 447-6915

INSPECTOR GENERAL COMPLETES REVIEW OF GOVERNMENT PEANUT OIL SALE:

WASHINGTON, March 30--The Inspector General's office reported "normal invitation-for-bid procedures" were followed when the U.S. Department of Agriculture (USDA) sold 78 million pounds of crude peanut oil to the Camilla Cotton Oil Company, Camilla, Ga., Secretary of Agriculture Bob Bergland announced today.

However, Mr. Bergland said, the Inspector General's review of the sale also found that prior to the offer to accept bids, there was a lack of policy coordination among USDA people and agencies responsible for commodity sales.

The Inspector General's review was initiated by Secretary Bergland last December after trade concerns and questions arose about the circumstances of the sale. On Nov. 2, the Commodity Credit Corporation (CCC) sold most of its remaining inventory of crude peanut oil to the Georgia firm for 20.251 cents per pound. This was the lowest price accepted by CCC since it started its peanut oil sales program in November 1976.

According to the review, there was lack of coordination between several USDA agencies and officials in finding outlets for the CCC-stock peanut oil through different channels last October and November. These attempts included donations, sales under the Food for Peace program, CCC credit sales and domestic or foreign cash sales. On Sept. 30, 1977, the Office of the General Sales Manager advised the Southeastern Peanut Association that the Department's policy was to dispose of the peanut oil through donation programs. This statement was contradicted by the decision by CCC on Oct. 21, 1977, to offer the entire stock for domestic sale.

A further mixup, involving CCC price acceptance policy, occurred last October after a 29-cent-per-pound offer, withdrawn by the bidder, was erroneously reported as a rejection. This caused confusion within the trade, according to the OIG report.

As a result, the review found, although the Nov. 2 sale was carried out under open tender, the invitation-for-bid was interpreted by some companies as a routine, rather than final, offering and Camilla Cotton Oil Company was the major although not the only successful bidder.

Secretary Bergland said, to prevent recurrence of this type of situation, he is putting into effect recommendations by the Office of the Inspector General. Among these are to:

- Designate one agency or office responsible for handling all inquiries relating to CCC commodity sales.
- Establish interagency coordination for reviewing and exchanging information of CCC commodity sales;
- Require that all proposed sales of CCC commodities which represent a departure from existing policy or normal practice, be supported by an impact study showing potential effects on the domestic market. Thus, sales of a significant quantity or to liquidate inventory would be evaluated.
- Require that factors determining sales prices be documented, and
- Require that contacts with industry representatives--the people involved, topics discussed and results of such meetings--be documented.

Copies of the Inspector General's report (No. 391-12-Hy) may be obtained by contacting the Office of Inspector General, Policy, Liaison and Information Staff. Phone (202) 447-6915.



ASSISTANT ATTORNEY GENERAL
CIVIL DIVISION

Department of Justice
Washington, D.C. 20530

28

Mr. Thomas F. McBride
Inspector General
United States Department of Agriculture
Washington, D. C. 20250

Dear Mr. McBride:

This is to inform you that the Civil Division has declined civil action in the matter which you referred to us involving the November, 1977 sale of 78 million pounds of crude peanut oil by the Agricultural Stabilization and Conservation Service to Camilla Cotton Oil Company.

This determination is made based on a review of the results of the investigation by your office into this matter, specifically the Preliminary Report which we received on February 10, 1978, the Investigation Report dated February 21, 1978, the Audit Report received on March 3, 1978, and the additional investigatory material which we received on March 3, March 14, and March 15, 1978, in response to our requests.

I have been informed that, based upon its review of these same reports, the Criminal Division has closed its file in this matter.

Very truly yours,

BARBARA ALLEN BABCOCK
Assistant Attorney General



cc: Department of Agriculture
Office of General Counsel
Washington, D. C. 20250
Attn: Mr. John A. Harris
Assistant General Counsel
Production, Distribution and Assistance

Mr. Benjamin Civiletti
Assistant Attorney General
Criminal Division
Department of Justice

THE WHITE HOUSE
WASHINGTON

April 4, 1978

Jim McIntyre
Stu Eizenstat

The attached was returned in
the President's outbox. It is
forwarded to you for appropriate
handling.

Rick Hutcheson

RE: HOUSE BUDGET COMMITTEE
CHAIRMAN'S RECOMMENDATIONS FOR
THE FIRST BUDGET RESOLUTION

THE WHITE HOUSE
WASHINGTON

	FOR STAFFING
	FOR INFORMATION
✓	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND

ACTION	FYI	
		MONDALE
		COSTANZA
✓		EIZENSTAT
		JORDAN
		LIPSHUTZ
		MOORE
		POWELL
		WATSON
✓		McINTYRE
		SCHULTZE

	ENROLLED BILL
	AGENCY REPORT
	CAB DECISION
	EXECUTIVE ORDER
	Comments due to Carp/Huron within 48 hours; due to Staff Secretary next day

	ARAGON
	BOURNE
	BRZEZINSKI
	BUTLER
	CARP
	H. CARTER
	CLOUGH
	FALLOWS
	FIRST LADY
	HARDEN
	HUTCHESON
	JAGODA
	GAMMILL

	KRAFT
	LINDER
	MITCHELL
	MOE
	PETERSON
	PETTIGREW
	POSTON
	PRESS
	SCHLESINGER
	SCHNEIDERS
	STRAUSS
	VOORDE
	WARREN



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

cc Jim - Stu
As part of
anti-inflation
effort, we must
block Congress spending
plans -

APR 3 1978

JC

INFORMATION

MEMORANDUM FOR: THE PRESIDENT

FROM: James T. McIntyre, Director *Jim*

SUBJECT: House Budget Committee Chairman's
Recommendations for the First Budget
Resolution

Both the House and Senate Budget Committees will begin mark-up of the First Budget Resolution for fiscal 1979 on April 4. Rep. Giaimo will announce the following totals as the Chairman's recommendations: (in billions)

	<u>Administration</u>		<u>Giaimo</u>
	<u>January</u>	<u>Current</u>	<u>Recommendation</u>
	<u>Budget</u>		
Receipts.....	439.6	439.4	443.3
Outlays.....	500.2	499.4	500.8
Deficit (-).....	-60.6	-60.0	-57.6
Budget authority.....	568.2	568.6	561.1

The Chairman's recommendations reflect two major policy differences from the budget:

- a 2-year social security tax cut and a slightly smaller total cut in taxes than proposed by the Administration; and

-- substantially higher outlays for agriculture programs.

While there are some technical and estimating differences that cause large changes in some of the numbers, the Chairman's mark for most domestic programs is at or slightly above the Administration recommendation. The Chairman's mark includes token cuts for defense and foreign aid and assumes that the Congress will not enact the taxable municipal bond option. The Chairman also rejects Administration proposals to provide advanced funding for certain education and health programs.

In the past, the Committee Members have increased spending and budget authority above the levels recommended by the Chairman. This year, Members are likely to introduce amendments to increase defense and to provide increased fiscal relief to States. On the other hand, some Republicans and moderate Democrats may introduce "cut" amendments to bring the totals down. A more detailed discussion of the Chairman's recommendations is attached.

Attachment

cc: Vice President Mondale

RECOMMENDATIONS OF REP. GIAIMO, CHAIRMAN, HOUSE
BUDGET COMMITTEE, REGARDING THE FIRST CONCURRENT
BUDGET RESOLUTION FOR 1979

Receipts

The Chairman recommends tax changes that reduce receipts by about \$28-1/2 billion below current law -- \$4-1/2 billion less than proposed by the Administration and almost \$7 billion less than recommended by the Ways and Means Committee. The Chairman recommends substantially lower income tax cuts, partially offset by a \$7-1/2 billion cut in social security taxes. According to his report, "The change in social security as proposed by the Chairman provides relief from the increase in social security taxes but does not require nor is it necessarily intended as a permanent alteration in the funding or structure of the social security program. It will, however, provide the Congress time to carefully reconsider changes made in that system in 1977 and at the same time give tax relief which reduces inflationary pressures in the economy." The Chairman recommends reducing both the tax rates (by 0.5 percentage points) and the wage ceilings (from \$22,900 in calendar 1979 to \$18,900). The revenue loss attributed to the rate reduction -- \$5 billion -- would be financed out of general revenues.

The Chairman recommends disapproval of the tuition tax credit and supports the Administration's higher education initiative. The Chairman "strongly" recommends against approval of both the tax credit and the increased outlays.

The Chairman's report supports the reduction in corporate tax rates proposed by the Administration but recommends rejection of the proposed increase in the investment tax credit. The Chairman also opposes the \$240 per capita income tax credit and the proposed reductions in telephone excise and unemployment taxes. He indirectly supports at least some of the income tax reforms proposed by the Administration and recommends that the additional revenues be offset by enlarged rate cuts.

Outlays

The Chairman's outlay total is \$1.4 billion above our current estimate. The largest difference from the budget is for agriculture commodity programs. Both the budget and our

March update showed \$5.4 billion in outlays for the agriculture function. Giaimo's recommendation is \$12.2 billion -- \$6.8 billion above the budget. Roughly \$4 billion of this increase is for anticipated policy changes -- unspecified commodity program legislation (\$2.5 billion); increased foreign credits (\$0.4 billion); the international grain reserve proposal (\$0.4 billion) and higher dairy price supports (\$0.5 billion). The remaining difference -- almost \$3 billion -- is due to differing estimates of the cost of existing commodity programs (\$2.2 billion) and differing assumptions about the sale of loan assets.

The Chairman's estimate of outlays for all programs except agriculture is \$5-1/2 billion below our March estimates. Most of this difference is due to estimating. The Chairman's mark (like the estimates of the Congressional Budget Office) project continued shortfalls in defense spending (\$2.1 billion) and a variety of nondefense construction programs. The Chairman's mark also contains lower estimates for interest (\$2 billion) and higher levels for receipts that are offset against outlays.

Budget authority

The Chairman's level of budget authority is \$7-1/2 billion below the Administration. Excluding agriculture, Giaimo's recommendations are \$12-1/2 billion below the latest Administration estimate. Despite this decrease, the Chairman's mark for many domestic programs is above the budget. For example, the Chairman's mark adds about \$1-1/2 billion to transportation, almost \$1 billion for natural resources (water projects and conservation), \$1/2 billion for education, training, employment, and social services, and \$1/2 billion for veterans.

The Chairman's recommendations were developed before the urban initiative was announced. The total allowance he provided is ample for outlays, but about \$1 billion too low in budget authority. However, at least some of this \$1 billion can be accommodated under increases already provided in his mark.

The decreases recommended or assumed by Giaimo are in the following areas:

- Rejection of the municipal bond option (\$5.3 billion).

- Rejection of advance funding for certain education and health programs (\$2.5 billion).
- The portion of the social security tax cut not offset by general revenue funding (\$2.5 billion).
- Cuts in defense (\$1.0 billion) and foreign aid (\$0.8 billion). The cut in defense assumes delays in the Trident Submarine. "Recognizing the pressures to increase funding for certain defense programs, the Chairman assumes that any increase above the proposed level will be offset by a corresponding decrease elsewhere in the budget."
- Rejection of the gas guzzler rebate and delay in the crude oil equalization rebates (\$1.4 billion).
- Numerous technical and estimating differences, such as interest (\$2.0 billion), the military sales trust fund (\$1.4 billion), and housing programs (\$1.5 billion).

MAJOR ISSUES IN
CURRENT PRESIDENTIAL ADULT MAIL
Week Ending 3/31/78

ISSUES	PRO	CON	COMMENT ONLY	NUMBER OF LETTERS
Support for Proposed Middle East Aircraft Sale	7%	93%	0	3,016
Suggestions re: Middle East Peace (1)	0	0	100%	2,222
Support for President's Proposal to Increase Aid for Financing Higher Education	15%	85%	0	1,297
Support for Panama Canal Treaties	8%	91%	1%	518
Suggestions re: Tax Reform Package	0	0	100%	326
Support for Fishery Products Embargo (2)	100%	0	0	210
Support for Grain Reserve Program	100%	0	0	<u>178</u>
			TOTAL	7,767

(1) SUGGESTIONS RE: MIDDLE EAST PEACE

While support for the Israeli position in the peace negotiations remains strong, a growing number of writers are commending the President for his "correct and fair stance."

(2) SUPPORT FOR FISHERY PRODUCTS EMBARGO (100% Pro)

In an apparent write-in campaign, conservationists urge a Presidential embargo against the fishery products exported by nations which do not observe the regulations of the International Whaling Commission.

THE PRESIDENT HAS SEEN.


THE WHITE HOUSE

WASHINGTON

March 31, 1978

MEMORANDUM FOR THE PRESIDENT

FROM:

HUGH CARTER 

SUBJECT:

Weekly Mail Report (Per Your Request)

Below are statistics on Presidential and First Family:

<u>INCOMING</u>	<u>WEEK ENDING 3/24</u>	<u>WEEK ENDING 3/31</u>
Presidential	48,270	39,950
First Lady	1,435	1,385
Amy	515	490
<u>Other First Family</u>	<u>70</u>	<u>65</u>
TOTAL	50,290	41,890

BACKLOG

Presidential	10,960	4,915
First Lady	180	175
Amy	0	0
<u>Other</u>	<u>0</u>	<u>0</u>
TOTAL	11,140	5,090

DISTRIBUTION OF PRESIDENTIAL MAIL ANALYZED

Agency Referrals	14%	14%
WH Correspondence	50%	52%
Direct File	22%	20%
White House Staff	3%	4%
<u>Other</u>	<u>11%</u>	<u>10%</u>
TOTAL	100%	100%

NOT INCLUDED ABOVE

Form Letters	34,680	11,082
Form Post Cards	25,945	11,850
Mail Addressed to White House Staff	17,894	18,133

cc: Senior Staff

WEEKLY MAIL REPORT SUPPLEMENT

Week Ending 3/31/78

In the last four weeks, 45,000 pieces of propaganda mail in support of the Packwood-Moynihan tuition tax credit legislation were received. (Sample attached.)

Of these, 27,000 pieces were mailed in Pennsylvania.

5 Brater Rd.
Laurence, Ma 01843

March 17 1978

President Jimmy Carter
The White House
Washington, D. C.

Dear Mr. President:

I strongly urge that you give support to the Packwood-Moynihan tax-credit legislation that would include parents of nonpublic elementary and secondary school children. Such legislation would guarantee a more equitable sharing of the educational tax dollar.

The law would also allow the valuable contributions that nonpublic schools have made to our society to continue and fulfill your campaign promise to nonpublic school parents.

Respectfully,

E. Denise Menery

THE PRESIDENT HAS SEEN.

THE WHITE HOUSE

WASHINGTON

April 3, 1978

*Frank - The "Perceptions"
of the Congress (or your
staff) seem to be 100%
negative. I don't mind
the criticism, but is
more this low?*

J

ADMINISTRATIVELY CONFIDENTIAL

MEMORANDUM FOR:

THE PRESIDENT

FROM:

FRANK MOORE

SUBJECT:

Weekly Legislative Report

NOTE: This Weekly Legislative Report will differ from previous reports in two respects: First, we have incorporated more general information regarding the Congressional calendar and the "mood" on the Hill; and second, we are establishing a new format with domestic issues and foreign policy/national security issues in distinct categories. Contents by subject matter are as follows:

- I. Congressional Calendar and Mood
- II. Domestic Issues
- III. Foreign Policy Issues
- IV. Miscellaneous
- V. Floor Activities for Next Week

I. The Congressional Calendar and Mood

A. House of Representatives

Between the time the House reconvenes on April 3 and adjournment on September 29, we can see four separate blocks of time:

- 1. April 3 to May 26 ----- 8 weeks
- 2. June 5 to June 30----- 4 weeks
- 3. July 10 to August 16 ----- 5 weeks
- 4. September 11 to October 1 ----- 3 weeks
- TOTAL-----20 weeks

When the House reconvenes in April, it will face an eight week legislative period which, in broad terms, will outline the accomplishments POSSIBLE during the balance of 1978.

June will be taken up by Appropriations bills -- June 8-23 (11 of the 13 regular bills, the exceptions being D.C. and Defense). The 4 week July/August period will be spent working on already passed Senate bills and conference reports. New major items will not be able to be finished prior to the October adjournment. Finally, the post-labor day period will only allow clean-up of what is far along in the process.

Early in the April/May period, committee action is where our interests will be focused. Ways and Means will begin about April 10 to mark-up the Tuition Tax Credits bill, a veto in the fasteners case, Social Security, and possibly Cost Containment. At the same time Airline deregulation will be moving in subcommittee and in the full Public Works Committee. (We are behind currently and need to do some quick catch up.)

Around April 4 or 5 the House Budget Committee will begin to mark-up the first concurrent resolution on the budget. We will be faced with challenges on at least Social Security, Tuition Tax Credits, Agriculture, Defense, Public Service Jobs, funding for IFI's, and other items. In short, all of the FY '79 Budget controversy will be aired. The resolution will be on the floor the week of May 2. It is possible the resolution will not pass the first time.

Assuming the Senate ratifies the second Panama Canal treaty in mid-April, and we send up the Middle East Arms Sales thereafter, a major effort on the package must be made in the House International Relations Committee (HIRC). As of now, the balance in Committee is close with the Republicans, if they continue to vote as a block, holding the key to keeping the disapproval resolution in committee. An all out floor fight could be disastrous to Congressional Democrats. After a successful resolution of the Arms Sales, we will probably face the Greek/Turkish initiative -- submitting these issues at the same time could well combine forces to defeat both of these important foreign policy initiatives.

The IFI issue will again draw controversy in committee as well as on the floor. Mark-up in Appropriations subcommittee and the full committee will proceed during late April and May. It is unrealistic to assume we will escape without cuts in appropriation levels and additions of restrictive language as to specific countries as well as certain commodities.

The Government Operations Committee should continue action on Civil Rights and the Civil Service reorganization proposals. Concurrent with the reorganization schedule, the Post Office and Civil Service Committee will be moving on the Civil Service legislative reform package.

Surely in the next 2 months there will be substantial additional activity in committee and on the floor that will require our attention such as; Alaska D-2 lands, coal slurry pipeline, airline deregulation, urban issues, NYC loans, etc. But we should not be surprised by any "crisis" issues.

The most important filter to pass all decisions through is that of the nearness of the 1978 elections. These elections are the kick-off of the 1980 campaign. If we are perceived as helpful and competent in getting Democrats elected, we will have a big "leg-up" on the 1980 Presidential Campaign. *what campaign?*

B. Senate

1. Schedule

The Panama Canal Treaties must be off the Senate floor by April 26. We are hopeful that a time agreement can be reached calling for a vote sometime during the week of April 17.

The most likely candidate for action after Panama is the aviation deregulation bill. There will also be substantial pressure to schedule labor law reform, even though many Senators would prefer not to face this issue at this time.

Other measures that could be considered before July are wiretap legislation (S. 1566), the education bills with tuition tax credit attached, arms sales, the Humphrey-Hawkins bill and other tax cut legislation.

2. Mood

The mood of the Senate is one of uneasiness and extreme caution. Senators now recognize that few, if any, of the major problems now facing our nation have easy "consensus" solutions. All fear the consequences of inaction on major issues, but for various reasons the Senate as a body has difficulty overcoming paralysis on these issues.

One of the reasons for our difficulties is the fear of the one-issue interest group. The perception in the Senate is that more and more Americans make voting decisions based on a Member's performance on only one issue. Consequently, there is a tendency to avoid these issues or to delay declaring a position on them as long as is possible.

A second reason is that Senate leadership on matters of policy is exercised frugally by Senator Byrd, perhaps because he realizes that, like any Majority Leader, he has only so much credibility in the bank. Because he is often reluctant to take a policy lead, the Majority Leader is very effective when he does step forward -- Panama being the prime example.

In a way, it is unfair to look to Senator Byrd for leadership on every major policy issue. Nevertheless, since the death of Senator Hubert Humphrey, few other senior Senators are willing to get heavily involved on any major issue. Consequently, when the Leader fails to take a firm position on major issues, this spawns criticism of his leadership, particularly among junior Democratic colleagues whose priorities may not coincide with Byrd's.

The exception to this, of course, is Chairman Long. The Finance Committee has a strangle hold on many of the major elements of the Administration's legislative program. Likewise, Senator Long has the trading stock within his Committee's jurisdiction to actually run the Senate if he chose to do so. However, the Chairman has a live-and-let-live arrangement with the Majority Leader. Chairman Long has rarely tried to take the lead on issues not within Finance Committee jurisdiction or affecting Louisiana.

A third reason for the failure of the Senate to act decisively is the lack of confidence in solutions presented by the Administration. This lack of confidence, with some exceptions, is not based on substantive criticisms of Administration programs. We have as good or better answers to the problems as can be found in the Congress, or anywhere else for that matter. Rather, it is the style in which we operate that causes uneasiness.

Senators feel that the White House is disorganized and that we do not have a handle on the Executive Branch. They believe we send conflicting signals; that cabinet officers run their own fiefdoms; that you do not have any experienced Washington-based political operatives close by; and, most important, that we are frozen by indecision on many fronts -- the most common being personnel.

Senators are constantly dismayed that we are unable to give them an answer for weeks and weeks when they make a personnel request. They are shocked that it took the Administration months to replace Republicans holding regional and state jobs in the various agencies. Nothing has hurt us more in the Senate than our lack of decisiveness and action in personnel matters.

All this erodes confidence in the President and leads to suspicion among Senators when we announce a policy -- no matter how good it is substantively.

In summary, we have a Senate that is drifting and somewhat confused. In such an environment, a small minority of Senators, adamant in their opposition, can take advantage of Senate rules to prevent action on any issue they choose. This has happened repeatedly.

If Republican Senators are united in a partisan way on any issue, that issue is dead in today's Senate. There are 38 Republicans and prevention of cloture requires only 41 votes. On issues such as election reform, full voting representation for the District of Columbia, or Hatch Act Reform, Senator Baker has little trouble keeping most of his troops in line. On the other hand, we inevitably will lose 8 to 10 Democrats on any partisan issue. This means, of course, that the 8 to 10 Republican "moderates" often hold the balance of power in the Senate.

Likewise, on any issue that is a right wing "cause," the opposition starts with a base of at least one quarter of the Senate. When this base is augmented by extensive mailing and advertisements by the right wing groups, it is fairly easy to get the other Senators needed to prevent cloture, most of which come from border states or are Western Democrats or moderate to conservative Republicans.

3. Perceptions

We have often said that, as far as the Hill is concerned, perception is more important than reality. Many on the Hill perceive us as uninspiring, indecisive, disorganized, and undisciplined. They feel that what we call "policy" is really only a collage of ad hoc decisions, at times contradictory, and seldom with any central purpose or direction. Senators repeatedly criticize us for policy shortsightedness and inconsistencies. A few examples are as follows:

-- Why do we emphasize balancing the budget, but then propose spending programs such as our urban policy and not oppose the new farm bill which would add billions to the deficit?

-- Why do we advocate reorganization of major governmental functions in 60 days when we cannot make the simplest personnel decisions after 15 months?

-- Why do we take a strong human rights stand, but oppose efforts to impose sanctions on some of the most egregious violators?

-- Why do we decry our balance of payments problem at the same time that we impose a unilateral foreign military sales ceiling which will probably result in no reduction in arms trade since prospective buyers will simply look elsewhere (France, the Soviet Union, etc.)?

-- Why do Republican Senators complain of partisanship in our policies while Democratic Senators are outraged that we are keeping Nixon Republicans in politically sensitive jobs?

Even more disturbing is the growing notion that those who "walk the plank" for us get little thanks or recognition (Sarbanes, who is virtually single-handedly carrying the Panama debate for us, cannot get a \$370,000 channel deepening project cleared by OMB) and run the real risk of being abandoned if we feel it politically expedient to do so (Muskie and the \$50 rebate).

Taking these perceptions into account, we are in grave danger. We have a tremendous backlog of domestic legislation and foreign policy initiatives on the Senate calendar awaiting floor action or at other critical junctures in the legislative process. Yet our political capital will have been exhausted in the Senate and in the country as a result of the divisive fight on Panama in an election year. With our public popularity down and virtually every political chit used up on Panama, we will have to face energy, tax revision, hospital cost containment, labor law reform, the Mid-East arms sale -- none of which has broad appeal and only some of which have any natural constituency.

In these precarious circumstances, we must move cautiously but aggressively to rebuild confidence and credibility. We must concentrate our energies, time, and resources on priority issues, committing ourselves only to endeavors in which we have a reasonable chance of prevailing.

II. Domestic Issues

A. Energy

-- Stu and I have already given our strategy recommendations to you in an earlier memorandum.

-- Final votes during the March 22 public natural gas conference meeting were as follows:

For Senate Proposal (10)

Jackson	(previously against deregulation)
Church	(previously against deregulation)
Bumpers	(previously against deregulation)
Matsunaga	(previously against deregulation)
Haskell	(by proxy--indicated that his support now does not mean support later)
Johnston	(previously for deregulation)
Ford	(previously for deregulation)

Domenici (previously for deregulation)
 Hatfield (previously for deregulation)
 McClure (previously for deregulation)

Against Senate Proposal (7)

Durkin	Hansen
Abourezk	Bartlett
Metzenbaum	Laxalt
	Weicker

For House Proposal (13)

Staggers
 Ashley
 Ullman
 Bolling
 Foley
 Dingell
 Rogers
 Eckhardt
 Sharp
 Wilson (Tex.)
 Reuss
 Rostenkowski
 Corman

Against House Proposal (12)

Moffet
 Vanik
 Waggomer
 Rangel

 Anderson (Ill.)
 Brown (Ohio)
 Horton
 Wydler
 Brown (Mich.)
 Steiger
 Collins (Tex.)
 Archer

B. Farm Policy

-- The Department of Agriculture and White House Congressional Liaison office have somewhat different perceptions of the farm bill situation.

-- USDA believes now that the Administration's position has been announced there appear to be the following options (in order of preference) available to the conferees if a veto is to be avoided:

1. Drop the Dole "flexible parity" provisions entirely; Senate agreement to do so would involve our concessions on other points, notably target price increases.
2. Drop or modify the Talmadge land diversion program; made easier by the Administration plan to provide paid land diversion.
3. Drop or reduce McGovern's target prices to levels acceptable to the Administration (a tough fight; perhaps out of the question) and drop the increases in loan rates (this is more likely).
4. Drop or modify any number of relatively unrelated, no-cost additions to the bill which were added during the "Christmas tree" games on the Senate floor.

-- A fifth option is for the conferees to report an unacceptable bill, forcing a House floor fight and possibly a veto.

-- USDA expects, at best, support for the administration's position to be 4-4 in the Senate and 7-6 in the House; this is the most optimistic assumption, and is predicated on the hope that Huddleston (mildly difficult) and McGovern (extremely difficult) can be moved to join Eastland and Talmadge. Allen already has given his proxy to Dole and can be counted on to support the

Republican position. The only possibility of breaking a united Republican front among the Senate conferees lies with Young, assuming he can focus on the problem long enough.

Foley most likely can count on all the Democratic conferees but Mathis and Richmond. There may be some remote hope of working on Mathis, but Richmond is likely to be difficult.

-- Congressional reaction to our policy as assessed by the White House CL staff (Dan Tate) is that we did too little, too late. Sentiment on the Hill is that similar action in January probably would have headed off the political need for legislation.

After the Vice President's announcement last Wednesday, Senator Talmadge said he will proceed with the conference (which was scheduled to convene at 10 a.m. today). He did not detail the provisions he will push.

USDA does not fully support our announced administrative actions, but presumably will be totally on board when the Secretary and his staff present the Administration's position to the conferees.

The Senate committee staff feels the conference could be a long, drawn out affair with the result being a bill that is unacceptable to us. From our perspective, the best result would be a bill containing acceptable wheat target price and credit provisions; however, such a result is unlikely. The second most preferable consequence would be a long conference which does not conclude until planting is over, thus rendering the issue moot. The third possible result is a bill containing virtually all the Senate provisions -- including the Dole amendment -- which would make a veto more palatable politically. The worst result possible is a bill containing unacceptable but relatively moderate provisions, thus making a veto very costly to us and to Congressional Democrats.

-- The following table (from OMB) identifies the outlay effect of each of the Senate provisions:

Provision	(in millions of dollars)			
	1978	1979	1980	1981
Talmadge's land set-aside proposal.....	473	- 563	---	---
Dole's flexible parity proposal..	-793	2,301	---	---
McGovern's proposal to increase loan rates and target prices..	---	4,350	4,350	4,350

-- The Conference convened today.

-- The conferees are:

Senate: Talmadge, Eastland, McGovern, Allen, Huddleston, Dole, Young and Curtis.

House: Foley, Poage, de la Garza, Jones (N.C.), Jones (Tenn.), Mathis, Bowen, Richmond, Rose, Wampler, Sebelius, Johnson (Col.), and Moore.

C. Hospital Cost Containment

-- The House Interstate and Foreign Commerce Committee (Staggers) is expected to mark-up the legislation the week of April 10. Ways and Means will take up the bill somewhat later, probably in May. Timing of the mark-ups will probably depend upon efforts to resolve differences with organized labor and its desire for a mandatory pass-through of all non supervisory wages.

-- In early May, the Senate Finance Health Subcommittee (Talmadge) may mark-up legislation similar to Rostenkowski's bill, but incorporating a system classifying hospitals, thus varying the "cap" depending upon the type of hospital and its relative efficiency.

D. Aviation Regulatory Reform

-- The House Aviation Subcommittee mark-up has been a roller coaster, and the subcommittee recessed while we were on the downhill. At the first mark-up on March 8, we won 3 attempts by the Republicans to kill the bill or adopt a very weak substitute. The votes were 15-9, on party lines.

The same day, we lost both attempts to get or keep automatic entry in the bill. Mineta moved to strengthen the provision, and was defeated 17-7. Levitas then moved to strike the compromise automatic entry which we had worked out with him in developing the consensus bill. We lost 15-8.

During the next 5 mark-ups we managed to strengthen the dormant authority provision and hold onto all the other major provisions. On Tuesday, March 21, we first lost 13-12, and then won 14-9 an amendment by Alan Ertel (D-Pa.) (which we helped draft) putting automatic entry back into the bill. The Ertel Amendment was stronger than the Senate provision.

By Tuesday, March 21, we had a stronger bill than in the Senate -- a similar policy statement, procedural deadlines and pricing, plus the following provisions that were better than the Senate: better dormant authority, better automatic entry, a presumption in favor of all entry applications, and a total sunset on the CAB in 7 years.

Much of the support for this was very soft -- and many people who agreed to be with us in the subcommittee said they might vote against us in the full committee.

Had we gone another hour on Tuesday night, the committee would have voted out the bill as we liked it. But Levitas was so angry that automatic entry was back in the bill that he launched a very successful attack on the entire bill. On Wednesday morning, he argued that if we were really serious about deregulation, we should abolish the Board in 2 years. He offered a substitute the next morning to do just that, and he won, 13-11. As the Post said, we were all "stunned". We thought Billy Lee Evans was with us (he had told Jim Free he would be), and we thought that Rahall (W.Va.) was going to take a walk (he changed his mind at the last minute).

So in 24 hours, we went from a very strong bill to an "abolish the board in 2 years substitute." The Republicans jumped on this as a way to kill the entire bill.

Throughout the mark-ups, the 25-member subcommittee was split into 4 groups: the 9 Republicans, who generally voted as a block against any good provisions; the Johnson/Anderson group of 9 Democrats who supported us (Johnson, Anderson, Roncalio, Mineta, Ambro, Edgar, Fary, Ertel, Flipppo); and the Levitas-led Democrats who switched back and forth on different amendments but usually voted with Levitas on important issues like automatic entry (Levitas, Milford, Hefner, and Evans); and finally 3 Democrats who usually went against us -- or at best would be absent (Rahall, Young, and Stump). To win a vote usually meant making a deal with the Levitas crowd, and talking the 3 Democrats against us into taking a walk.

-- Where we go from here in the subcommittee is still an open question. Our first choice is to move to reconsider the Levitas substitute and try again to report out the Anderson bill. Although we lost by one vote, 13-11 (a 12-12 tie would have killed it), we now must change two votes and hang onto the original 11. We will work to change Evans and Rahall and keep Hefner. You will probably be asked to make 4 or 5 calls.

Our second choice is to try to get consensus on a "clean" bill by bringing Levitas and some Republicans along. Levitas and Mary Schuman (Domestic Policy staff) met this week, but as this is written we do not know the results of that conversation. If it was productive, we will let you know.

Even if we win on our first choice in the subcommittee, we will face an uphill fight in the full Public Works and Transportation Committee where there is a higher ratio of Republicans to Democrats than in the subcommittee. And, to make matters worse, Levitas is a much more forceful advocate for his position than is Glenn Anderson.

Related to Anderson's commitment and enthusiasm on deregulation, of course, is the fate of the aircraft/airport noise bill. He wants us to endorse Titles I and II (which OMB opposes) and to change our position on Title III

(regarding the tax treatment of the surcharge program for replacement and retrofit of noisy aircraft). You will be meeting with OMB, Treasury, D.O.T., and D.P.S. on April 6 to discuss this. A briefing paper on the noise bill and its relationship to regulatory reform will be provided in advance of the meeting.

E. Budget Resolution

-- The House Budget Committee has finished hearings except for the Holtzman Task Force hearings on urban policy scheduled for April 3. Full Committee mark-up on the first concurrent resolution is scheduled for April 4, 5, and 6; with floor consideration in early May.

-- In the Senate, the Budget Committee has completed hearings and has scheduled mark-ups April 4 through 10. They expect to bring the resolution to the Senate floor near the end of April, and go to conference with the House the first week in May.

F. Tax Reform

-- Ways and Means mark-up has been delayed from April 10 to the 17 due to scheduled action on tuition tax credits.

-- A working group, chaired by Landon Butler and consisting of staff from Treasury, OMB, CEA, DPS, Congressional Liaison, Press, and Hamilton's office has developed plans for public and legislative strategies.

-- A breakfast meeting of 100 citizens will be held April 6 to enlist and focus their support on the Ways and Means Committee. In addition, a program of speeches, "Op-Ed" articles, mailings, etc. is underway.

G. Social Security

-- In the House, James Burke, Chairman of the Ways and Means Social Security Subcommittee, and George Miller (D-Cal.) will take their social security tax resolutions to a full House Democratic Caucus scheduled for April 5. The resolutions call for enactment of legislation this year and request Ways and Means Committee action. In its mark-up next week, the Budget Committee will probably endorse a social security tax rollback as a tradeoff for some tax cuts.

-- In the Senate, Nelson's Human Resources Subcommittee will hold hearings April 5 and 6 on the social security/general revenues question.

H. Student Assistance

-- In the Senate, the Human Resources Committee (Williams) has approved a student assistance bill supported by the Administration. The Finance Committee has recommended a tuition tax credit proposal. Both bills remain on the Senate calendar.

-- Mark-up on a tuition tax credit bill in Ways and Means is scheduled for April 10 and 11. The exact nature of the bill is not yet clear, but it might include elementary and secondary credits, and a college education tax credit smaller than the Roth-Packwood-Moynihan proposal.

-- The Rules Committee will most likely be the forum for deciding how the issue is brought to the House floor.

I. New York City

-- House Banking Subcommittee Chairman Moorhead has introduced legislation authorizing up to \$2 BILLION in Federal credit for the City. Going beyond the Administration's proposal, Moorhead's bill would authorize Federal guarantees of short-term seasonal loans as well as long-term bonds. Moorhead's Subcommittee will probably begin work on the legislation in early April. He warned, however, that he would not take a bill to the House floor until there are firm indications that it would be permitted to move forward in the Senate.

-- Treasury representatives continue to meet with staff of both Senate and House Committees.

J. Civil Service Reform and Reorganization

-- The House Post Office and Civil Service Committee (Chairman Nix) and the Senate Governmental Affairs Committee (Chairman Ribicoff) hope to complete hearings on the Civil Service Reform Legislation (HR 11280/S 2640) in April. The House Committee started with 2 days of hearings before the Easter recess. The Senate will start on Thursday. The schedule is:

Senate: April 6 Administration's witnesses, 7, 10, 12, 13, 19, 20
House: April 4 Administration's witnesses, 5, 6, 11, 12

-- The Civil Service Reorganization Plan has not yet been officially transmitted to the Congress. The target date for doing so is sometime between April 10 and 20. When transmitted, the House Government Operations Committee (Chairman Brooks) will schedule hearings on the plan. In the meantime the Senate Committee will consider both the legislation and the draft plan in their hearing schedule obviating the need for separate hearings on the plan itself once officially transmitted.

As expected, the major points of controversy that have surfaced thus far have been modification of veterans preference, threatened job security and employee protection and labor-management relations legislation. We expect these issues to be resolved by early May through the normal hearing process, continued meetings with individual Members and lobbying efforts of those groups and organizations which are favorable to the proposal. Perhaps most troublesome is the labor-management relations issue which will require a different strategy to resolve because of the secondary issue of the proposed pay cap.

-- A detailed memo on a legislative and public strategy has gone to Hamilton; I expect that he will report to you on it.

III. Foreign Policy Issues

A. Panama

-- So far, we have had no defections from the 68 Senators who supported the first Treaty. The ACU and its allies are running radio and newspaper advertisements in all key states, with the pressure at its worst in Arizona, Nevada and Louisiana.

-- Senator Huddleston reports that he is going to weather the storm. ACU ads in Kentucky do not mention his name. Instead, they urge people to call Senator Ford and ask him to continue his opposition to the Treaties. The filing date in Kentucky was midnight on Wednesday, March 29, and no serious opposition was filed against Huddleston.

-- State Department staff were hard at work all last week preparing full briefings for Senators on issues that are expected to arise during the remaining weeks of debate. Those materials will go to Sarbanes and Church today. Senator Byrd has assigned Senator Matsunaga the task of getting more Senators to participate in the debate.

-- The first amendment under consideration when the Senate returns is a Hatch Amendment that would require the House to vote on the property transfer sections of the Treaty. We do not expect a vote until Tuesday. The economic sections will be considered shortly thereafter. Senators Byrd, Baker, and Hatch will meet Wednesday to try for a time agreement for a second vote prior to April 26.

B. Middle East Arms

-- Though it is still too early to tell, the appearance of a serious confrontation between you and Prime Minister Begin may generate pressure to defer the entire arms project. It will take a while to get an idea of how Israel, the American Jewish community, the American public in general, and the Congress react to these events. The one thing we can count on is that the opponents of the arms sale will seize on any excuse to seek further delay in the formal notification of the package. We are already hearing reports that the SFRC will not be able to give adequate attention to the sale, even if it is submitted after the Panama Canal Treaty (staffers point out that the Committee has a backlog of legislative items due to be reported to the Senate floor by May 15). State is preparing to present a good deal of information to the Congress shortly after the recess in order to deflate the argument that Congress has not had time to review information provided.

-- State advises that the most troublesome issue in the White House meeting with the SFRC was the claim that Saudi Arabia would use the F-15 against Israel. Senator Javits at one point said that the Administration should not use the argument that Saudi Arabia would not use the plane against Israel. He said we must assume they would. The other gut issue that will continue to plague us is the flood of accusations of Saudi support for the PLO.

-- GAO continues to work on its own study of the F-15 sale to Saudi Arabia. State expects that GAO will conclude that the military justification for the sale is inadequate, but that political factors outweigh this consideration.

-- A Proxmire letter urging the SFRC to allow the full Senate to vote on the package fizzled for lack of signatures, perhaps indicating growing support for the package in the Senate. Silvio Conte, the sponsor of the Members of Congress for Peace through Law letter signed by 29 liberal Members which urged a 6 to 8 week moratorium, advised State that the Israeli incursion into Lebanon generated support for the letter.

-- We are beginning in-depth White House briefings for Congressional staffers this week.

C. Korea

-- The Korean withdrawal package is still scheduled for mark-up as part of the Security Assistance authorization. Speculations about what Tongsun Park might be telling Congressional investigators, continuing Justice Department investigations, an admission of guilt by former Congressman Hanna, and revelations about the previous Administration's handling of Koreagate have kept Congressional interest in the Korean scandals boiling. There continues to be strong Congressional sentiment to "clear the air" and to support almost any request from Jaworski, including possibly some initiative to pressure the South Korean Government to produce former Ambassador Kim Don Jo and other officials to give sworn testimony.

--How this jittery mood will affect the \$800 million arms transfer package and the \$275 million FMS credit authorization needed for the troop withdrawal program remains at this point unclear. In talking to Members of Congress, State has stressed:

1. That we do not condone the scandals, we do support all efforts to carry out the investigations, but we cannot pressure Korea to disregard diplomatic immunities established by international agreements to which the U.S. is a signatory.
2. That we consider efforts to link security and investigatory issues a terribly dangerous move affecting a part of the world where war could break out.

A number of Congressmen remain supportive of our Korean security proposals. Some, like Congressman Solarz, have spoken openly in favor of the \$800 million arms transfer package. Many other have warned, however, that some of their colleagues are in a mood to find some legislative vehicle for "voting against" Korea.

D. Greece and Turkey

-- Administration plans are scheduled to be presented to Hamilton's HIRC Subcommittee on April 6 and the SFRC on April 10. If any decision is made to change the status quo, the initial fights will take place as the Committees mark-up the Security Assistance authorization in mid-April and early May.

E. IFI's

-- Treasury Congressional Liaison staff has prepared a comprehensive legislative strategy paper on IFI's based on consultations with several House Members. Their proposals include further meetings between the Vice President and House and Senate Appropriations Subcommittee members prior to mark-ups beginning in late April. Senators Javits and Church will sponsor a session with World Bank President McNamara and members of the Foreign Relations, Finance, Banking and Appropriations Committees near the end of April.

F. Industrial Fasteners

-- Ways and Means is scheduled to vote on the issue on April 11. If we are successful in defeating a full override resolution in Ways and Means, it would not prevent the override from being brought to the House floor. It could, however, discourage and take much of the steam out of what is shaping up as a negative and disruptive "protest" movement.

G. Budget Committee Levels for Foreign Assistance

-- State advises that Chairman Giaino's mark for the House Budget Committee will allow roughly \$11 Billion in BA for a cut in real resources of about \$.6 Billion.

	Budget Authorization (\$ Billion)
President's Request	13.8
Less Ex-Im Reestimate	- .7
Less Foreign Military Sales Reestimate	- 1.4
Adjusted Request	11.7
Cut	- .6
Probable Chairman's Mark	11.1

-- The Senate Budget Committee will undoubtedly take the reestimates, but may be able to stave off a further cut provided enough Democrats are present for the mark-up.

IV. Miscellaneous

-- Senator Helms has threatened to filibuster the Labor/HEW Appropriations bill on the Senate floor because of his unhappiness with HEW plans to defer funding for North Carolina's higher education institutions.

-- GSA advises that because of Congressional frustration with DOE, there is considerable reluctance to expediate the move to the Forrestal Building.

V. Floor Activities, Week of April 3

A. House

Monday -- Call of Consent Calendar

-- 4 suspensions (the Committee Reports for these bills, all from the Interior Committee, are unavailable for analysis):

1. Friendship Hill National Historic Site.
2. Thaddeus Kosciuszko Memorial.
3. Oregon National Historic Trail.
4. Lowell, Mass., National Cultural Park.

Tuesday -- Call of Private Calendar

-- 3 suspensions:

1. Ak-Chin Indian Water Rights. The bill, sponsored by Mo Udall, would direct the Interior Secretary to deliver, through construction of a water system, an established number of acre-feet of ground water from Federal lands to the Ak-Chin Indian community in Arizona. According to OMB, the Administration believes that critical questions concerning the engineering, environmental, and cost aspects of the proposed water system project should be addressed before construction of a project is authorized. Also, the question of the specific water rights involved should be addressed through separate legislation. Therefore, the Administration does not support the bill as currently written. However, the Administration would support the authorization of a feasibility study to address these water project questions.
2. White House Authorization. Rescheduled.
3. National Oceans Week. The Administration defers to Congress on this resolution which would authorize you to issue a proclamation designating April 16-22, 1978 as "National Oceans Week."

-- A series of 9 Committee funding resolutions

Wednesday -- Postal Service Reform (finish action).

Thursday -- International Banking (subject to a rule being granted).

Friday -- FAA R&D Authorization. According to OMB, the bill is unnecessary because DOT has a continuing authorization for these R&D programs. Thus, the Administration is opposed to it. Rep. Teague is the primary sponsor.

-- National Science Foundation Authorization. According to OMB, the Administration has no objection to the bill.

B. Senate

-- The Senate will continue action on the Panama Canal Treaty.

THE WHITE HOUSE
WASHINGTON

April 4, 1978

Frank Moore

The attached was returned in
the President's outbox. It is
forwarded to you for appropriate
handling.

Rick Hutcheson

cc: The Vice President
Stu Eizenstat
Hamilton Jordan
Jack Watson

RE: WEEKLY LEGISLATIVE REPORT

ADMINISTRATIVELY CONFIDENTIAL

THE WHITE HOUSE
WASHINGTON

	FOR STAFFING
	FOR INFORMATION
/	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND

ret orig to me

ACTION	FYI	
	/	MONDALE
		COSTANZA
	/	EIZENSTAT
	/	JORDAN
		LIPSHUTZ
/		MOORE
		POWELL
	/	WATSON
		McINTYRE
		SCHULTZE

	ENROLLED BILL
	AGENCY REPORT
	CAB DECISION
	EXECUTIVE ORDER

Comments due to
Carp/Huron within
48 hours; due to
Staff Secretary
next day

	ARAGON
	BOURNE
	BRZEZINSKI
	BUTLER
	CARP
	H. CARTER
	CLOUGH
	FALLOWS
	FIRST LADY
	HARDEN
	HUTCHESON
	JAGODA
	GAMMILL

	KRAFT
	LINDER
	MITCHELL
	MOE
	PETERSON
	PETTIGREW
	POSTON
	PRESS
	SCHLESINGER
	SCHNEIDERS
	STRAUSS
	VOORDE
	WARREN